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SUBJECT: AUSTRIANS SKEPTICAL AFTER 10 YEARS OF EU MEMBERSHIP

Summary

1. A recent poll by the Austrian Association for European Politics (OGE) revealed that the Austrian public remains highly skeptical of the EU. A significant majority of Austrians do not believe EU membership has brought the benefits they expected, such as higher growth, lower inflation, and reduced crime rates. An OGE official concluded the overwhelming "yes" vote in the 1994 membership referendum represented a peak in pro-EU sentiment. In response to the OGE poll, the Austrian National Bank (ANB) characterized EU membership as positive from an economic standpoint. The OGE poll indicated that various factors contributed to the negative view: weak association with a European identity; a general distrust of Brussels-generated policies, which Austrian media and politicians often exploit; and lingering resentment at sanctions the EU imposed on Austria in 2000. End Summary.

Austrians Highly Skeptical of EU

2. Ten years after accession, Austrians remain highly skeptical of the EU, according to a recent poll by the non-partisan Austrian Association for European Politics (OGE). OGE Secretary General Gerhard Bauer opined that the 67% vote for EU membership in 1994 was the peak of "EU-phoria" in Austria. Bauer noted Austrians' negative views of the EU were somewhat surprising given that Austria is a highly integrated EU member. Economic data confirms the benefits of EU membership, and no political party questions EU membership.

Poll Results - Perceptions Lag Behind Reality

3. The OGE poll asked Austrians what they had expected from EU membership and whether membership had fulfilled these expectations. The results are astonishingly negative. Sixty-nine percent of respondents expected improved economic growth from membership, but only thirty-one percent believed the EU had met that goal. Forty-six percent expected lower inflation, whereas only twelve percent agreed the EU had helped reduce inflation. Fifty-one percent expected the EU would successfully combat crime, but a mere thirteen percent believe the EU has succeeded in this area. Asked whether Austria or Switzerland had fared better since 1995, 46% choose Switzerland, 23% Austria, 11% saw no difference, and 20% had no opinion.

The Economic Reality - Overall Positive

4. In response to the OGE poll, Austrian National Bank Vice Governor Wolfgang Duchtatzek said that economic reality does not support the population's skepticism. Duchtatzek added that from an economic standpoint, Austria's EU accession is a tremendous success story. The 2004 accession of ten new member states brought additional benefits and opportunities for Austria.

5. Duchtatzek noted that Maastricht criteria had given the GoA the impetus to reduce the budget deficit and public debt, as well as to implement overdue structural reforms. Consumer inflation averaged 1.7% annually during 1995-2004 compared to 2.8% in 1985-1994. After EU accession, growth in exports led to a diminishing trade deficit, culminating in a trade surplus in 2002. FDI in Austria and Austrian FDI abroad has boomed, particularly Austrian FDI in the new member states in Central Europe. Although Austria's unemployment rate of 3.9% in 1995 had risen to 4.5% by 2004, Austria consistently has one of the lowest rates amongst the EU-15. Nevertheless, stiffer competition in several sectors following accession (e.g., the food processing industry and the freight forwarding sector) forced restructuring and disproportionate job losses in affected sectors.

Reasons for Skepticism

16. The OGE findings, according to Bauer, reflect sentiments, emotions and bias. Moreover, the high share of "no opinion" in all categories signals a lack of information about the EU. The poll confirms the result of another OGE study from October 2004, which also revealed an ambivalent public perception of the EU and growing skepticism. The 2004 poll cited several reasons for the skepticism: weak association with a European identity; general distrust of EU policies, which the media and politicians often exploit; and a lingering resentment towards the EU for imposing sanctions on Austria in 2000 in response to the inclusion of the Freedom Party in the governing coalition.

A Former Commissioner's View

17. In an April 16 press interview, former Austrian EU Commissioner Franz Fischler attributed Austrians' increasing skepticism about the EU to emotions. Austrians, according to Fischler, fear the speed of enlargement, can no longer comprehend the "EU project," and feel at the mercy of political concepts with no idea where the journey will end. The EU, in Fischler's opinion, needs to clarify its grand strategy, develop its democratic structures, and promote a European identity.

Comment

18. Austria has indeed reaped tremendous economic benefits from EU membership and recent enlargement. Politically, membership secured Austria a front seat in Europe's integration and gave it co-decision rights in all areas. Enlargement placed Austria in the center of the EU geographically, providing Austrian financial and commercial interests additional opportunities. Despite these tangible benefits, sentiments and emotions on a whole range of issues - immigration, crime, lack of an EU identity - will continue to drive ordinary Austrians' perspectives on the EU.

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